

Our oversight led HUD to adopt a need-based formula for allocating \$4 billion in federal funds to mitigate the neighborhood effects of vacant and abandoned housing.

The Subcommittee held two hearings on the phenomenon of vacant and abandoned houses caused by the foreclosure crisis. The first of those examined spill-over effects from and victims of concentrations of vacant houses. Those effects include: falling property values of surrounding houses, loss of equity held by neighbors in these houses, loss of rental income to neighborhood landlords and lost sales by neighborhood merchants, increased crime, increases in municipal costs in police and fire activity (due to vandalism and arson), increased demolition and building inspection costs, increased legal expenses, increased demand on city social service programs, and a direct loss of property tax revenues.

The second hearing considered how to allocate Federal aid to cities and localities to address the problems caused by vacant and abandoned houses. In a letter to HUD administrator Steve Preston, Kucinich argued that HUD had already performed the necessary research to craft an allocation formula in preparing its testimony before the Subcommittee. Namely, HUD's testimony emphasized the importance of US Postal Service data for determining actual vacancy rates and rates of actual increase in vacancies, as well as utilizing a small unit of analysis (census tract) for comparing jurisdictions' need. The final allocation formula for the \$4 billion Neighborhood Stabilization Program reflected these Subcommittee priorities.